

LEADING THE NEWS



Give the working families a break

By Rep. Charles B. Rangel (D-N.Y.)

May 02, 2007

Another Tax Day has come and gone, and while most Americans haven't begun to think about what they will owe Uncle Sam next year, for others the anxiety is unending.

That's because a monster of a tax hike is looming around the corner for at least 23 million Americans if Congress doesn't act this year.

What's this 800-pound gorilla — or, more aptly, this \$1 trillion beast? It's the Alternative Minimum Tax, better known as one whopper of a tax on the middle class.

The AMT is a parallel income tax that was originally enacted in 1969 to ensure that the wealthiest Americans paid at least some income taxes.

It was never intended to affect middle-income earners, but inflation and the tax policies of 2001 and 2003 tilted in favor of the richest Americans have slowly morphed it into a middle-class tax. For middle-income earners, the AMT undercuts whatever benefit they were supposed to derive from the 2001 and 2003 tax cuts.

If Congress does nothing, a person making \$50,000 or more could be subject to this tax for the next filing season. We're talking about firefighters, teachers and other hard-working earners one can hardly classify as wealthy, who will see their tax obligations grow unfairly.

This tax on working people is particularly insidious because it penalizes families with children by taking away exemptions for dependents, and makes homeownership more difficult because it strips away deductions for state and local taxes, including property taxes. Making matters worse, the AMT is a hidden levy that creeps up on taxpayers as their incomes rise.

In fact, Democrats warned the Bush administration in 2001 about the growing danger of the AMT to working families. But rather than heed that call, the president and his allies in Congress chose to dip into middle-class pocketbooks to fund their tax cuts for the wealthiest Americans.

The AMT has been used deliberately by the Bush administration to mask the cost of its tax cuts, which have been paid for by the middle class. Because of these misplaced priorities, working families making under \$100,000 are increasingly more likely to pay the tax than those making more than a million dollars.

This amounts to an average \$3,600 tax increase that will hit one out of every three taxpayers. This would amount to one of the biggest tax increases on the middle class in the history of our country.

That's just not fair.

The new Democratic Congress is committed to easing this tax burden on middle-income earners, helping them keep money in their pocketbooks and bank accounts. Eliminating or reducing the AMT for most Americans allows us to do just that — it may be good politics, but it is even better policy.

Reforming the AMT might be a tricky political proposition for some, but for me it is a simple matter of fairness.

How fair is it to make 30 million people pay \$1 trillion in higher taxes so that 1 million people can get \$2 trillion in tax breaks?

To me, it is a no-brainer.

Not only will reforming the AMT restore balance and equity to the tax code, it will provide necessary relief to millions of working families as they struggle against the income-deflating effects of higher gas prices, healthcare costs and college tuition.

I am confident that a bipartisan consensus can be reached that is both revenue-neutral and provides tax relief for millions of American families.

Rangel is chairman of the House Ways and Means Committee.

SPECIAL SECTION: FINANCE

[Give the working families a break](#)

[Fixing the subprime lending crisis](#)

[Dems slow to repeal, reform the AMT](#)

[Needs are big for small-business growth and competitiveness](#)

[Oversight before legislation to solve the subprime turmoil](#)

[Foreclosures hurt families, economy](#)

[Extend TRIA to protect our economic security](#)

[Federal charter offers insurance option](#)

[No silver bullet to stop excessive debt](#)

[Close Window](#)